

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

SOURCE MORTGAGE CORP.,

ENFORCEMENT CASE No. 07-5117

License/Registration No.: FL-2874, SR-0010082

Respondent.

To:

MR. DAN WICKER, CEO
SOURCE MORTGAGE CORP.
33604 W 8 MILE RD
FARMINGTON, MI 48335

Issued and entered
This 3rd day of March 2008
by Frances K. Wallace, Chief Deputy Commissioner
Office of Financial and Insurance Services

**FINAL ORDER OF REVOCATION OF MORTGAGE BROKER AND LENDER
LICENSE AND MORTGAGE BROKER AND LENDER REGISTRATION**

I.

Findings of Fact

1. On November 27, 2007, the Commissioner issued a Notice of Intention to Revoke License ("Notice") pursuant to Section 12 of the Mortgage Brokers, Lenders, and Servicers Licensing Act, MCL 445.1662, and Section 11 of the Secondary Mortgage Loan Act (SMLA), MCL 493.61. Said Notice advised Respondent that failure to request a hearing within 20 days would result in the issuance of a final order of revocation of Respondent's Mortgage Broker and

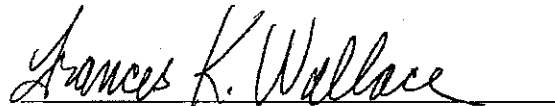
Lender License and Mortgage Broker and Lender Registration. The said Notice was served on Respondent on November 30, 2007.

2. Respondent failed to request a hearing on the Notice of Intention to Revoke License within 20 days as required by statute.

II.

ORDER

Therefore, a Final Order revoking Respondent's Mortgage Broker and Lender License and Mortgage Broker and Lender Registration pursuant to Section 12 of the Mortgage Brokers, Lenders, and Servicers Licensing Act, MCL 445.1662, and Section 11 of the Secondary Mortgage Loan Act (SMLA), MCL 493.61, is hereby entered.



Frances K. Wallace
Chief Deputy Commissioner

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DEPARTMENT OF LABOR & ECONOMIC GROWTH
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To:

**Mr. DAN WICKER, CEO
SOURCE MORTGAGE CORP.
33604 W 8 MILE RD
FARMINGTON, MI 48335**

NOTICE OF INTENTION TO REVOKE LICENSE AND REGISTRATION

Pursuant to Section 12 of the Mortgage Brokers, Lenders, and Servicers Licensing Act (MBLSLA), MCL 445.1662, Section 11 of the Secondary Mortgage Loan Act (SMLA), MCL 493.51, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, this notice is provided to give you notice of facts or conduct which, if true, will result in the issuance of an order revoking your license and registration and may result in assessment of a civil fine and a late filing penalty.

Within twenty (20) days after the issuance of this Notice of Intention to Revoke License and Registration, you must file a written request for a hearing if you desire to contest the notice. This request must be sent to:

Office of Financial and Insurance Services

Office of General Counsel
Attn: Dawn K. Kobus
P. O. Box 30220
Lansing, MI 48909

If you fail to timely file a request for a hearing, the Chief Deputy Commissioner will enter a final order revoking your license and registration and may assess the maximum civil fines and late filing penalties permitted by statute.

FACTUAL ALLEGATIONS AND COMPLAINT

The staff of the Office of Financial and Insurance Services alleges that the following facts are true and correct:

1. At all pertinent times, Source Mortgage Corp. (Respondent) was licensed under the MBLSLA and registered under the SMLA by the Office of Financial and Insurance Services.
2. As a licensee and registrant, Respondent knew or had reason to know that Section 21(3) of the MBLSLA and Section 6a(13) of the SMLA requires a licensee/registrant to file an annual report concerning its business and operations during the immediately preceding year on or before a date determined by the Commissioner.
3. Respondent further knew or had reason to know that pursuant to Section 21(3) of the MBLSLA and Section 6a(13) of the SMLA, the Commissioner designated February 28, 2007, as the date by which annual reports for the year of 2006 must be filed.
4. Respondent failed to file its annual reports for the year by February 28, 2007.
5. By failing to file the 2006 annual reports, Respondent violated Section 21(3) of the MBLSLA and Section 6a(13) of the SMLA, subjecting Respondent to penalties pursuant to

Section 8(6) of the MBLSLA and Section 6a(9) of the SMLA, and sanctions pursuant to Section 29(2) of the MBLSLA and Section 27 of the SMLA.

6. On May 25, 2005 Respondent, previously known as I.T. Mortgage Corporation, signed a Stipulation to Consent Order, and a Consent Order was issued and entered by the Commissioner on or about June 30, 2005. This action resulted from Respondent's failure to timely file its 2004 annual reports pursuant to the MBLSLA and SMLA. Respondent was ordered by the Commissioner to cease and desist from violating Sections 21(3) of the MBLSLA and 6a(13) of the SMLA for failing to timely file its annual reports. Respondent was further ordered to make all filings required by the Commissioner in a timely manner; such filings included annual reports, financial statements, and applications for renewal of license or registration.

7. Based on the foregoing conduct, Respondent has violated an Order of the Commissioner, which is also a violation of the MBLSLA and SMLA.

APPLICABLE LAW AND PENALTIES

Section 8(6) of the MBLSLA, MCL 445.1658(6), provides:

"A licensee or registrant who fails to submit to the commissioner a report required by section 7 or section 21 is subject to a penalty of \$25.00 for each day the report is delinquent or \$1,000, whichever is less:

Section 12(1) and (2) of the MBLSLA; MCL 445.1662, provides:

(1) Notice to a licensee or registrant of intention to enter an order of license or registration, suspension or revocation, or notice to an applicant of a refusal to issue a license shall be given in writing, served personally or sent by certified mail to the licensee, registrant, or applicant.

(2) Within 20 days after the notice of the intention to enter an order of license or registration, suspension or revocation, or a refusal to issue a license or registration under subsection (1), the licensee, registrant, or applicant may request a hearing to contest the order or refusal. If a hearing regarding suspension or revocation is not requested, the commissioner shall enter a final order regarding the suspension or revocation. A hearing shall be conducted in accordance with the provisions of the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

Section 21(3) of the MBLSLA, MCL 445.1671(3), provides:

On or about a date to be determined by the commissioner, a licensee or registrant shall annually file with the commissioner a report giving information, as required by the commissioner, concerning the business and operations of the licensee or registrant under this act during the immediately preceding calendar year. In addition, the commissioner may require a licensee or registrant to file special reports as the commissioner considers reasonably necessary for the proper supervision of licenses or registrants under this act. Reports required pursuant to this section shall be in the form prescribed by the commissioner, signed, and affirmed. A person who willfully and knowingly subscribes and affirms a false statement in a report required pursuant to this subsection is guilty of a felony, punishable by imprisonment for not more than 15 years.

Section 29(2) of the MBLSLA, MCL 445.1679(2), provides:

If the commissioner finds that a licensee or registrant has violated this act or the rules promulgated under this act, the commissioner may do 1 or more of the following:

- (a) Assess a civil fine against the licensee, registrant, or a person who controls the licensee or registrant of not more than \$1,000.00 for each violation, except that the licensee, registrant, or a person shall not be fined more than \$10,000.00 for a transaction resulting in more than 1 violation, plus the costs of the investigation.
- (b) Suspend or revoke a license or registration or refuse to issue or renew a license or registration.
- (c) Require the licensee or registrant or a person who controls the licensee or registrant to make restitution to each injured individual, if the commissioner finds that the violation of this act or a rule promulgated under this act resulted in an injury to 1 or more individuals.

Section 22 of the MBLSLA, MCL 445.1679, provides:

It is a violation of this act for a licensee or registrant to do any of the following:

- (a) Fail to conduct the business in accordance with law, this act, or a rule promulgated or order issued under this act.
- (b) Engage in fraud, deceit, or material misrepresentation in connection with any transaction governed by this act.
- (c) Intentionally or due to gross or wanton negligence, repeatedly fail to provide borrowers material disclosures of information as required by law.
- (d) Suppress or withhold from the commissioner any information that the licensee or registrant possesses and that, if submitted, would have made the licensee or registrant ineligible for licensing or registration under this act or would have warranted the commissioner's denial of a license application or refusal to accept a registration.
- (e) Fail to comply with 1966 PA 125, MCL 565.161 to 565.164, regulating the handling of mortgage escrow accounts by mortgagees.
- (f) Until proper disbursement is made, fail to place in a trust or escrow account held by a federally insured depository financial institution in a manner approved by the commissioner any money, funds, deposits, checks, drafts, or other negotiable instruments received by the licensee that the borrower is obligated to pay to a third party, including amounts paid to the holder of the mortgage loan, amounts for property taxes and insurance premiums, or amounts paid under an agreement that requires if the mortgage loan is not closed the amounts paid shall be refunded to the prospective borrower or if the mortgage loan is closed the amounts paid shall be applied to fees and costs incurred at the time the mortgage loan is closed. Fees and costs include, but are not limited to, title insurance premiums and recording fees. Fees and costs do not include amounts paid to cover costs incurred to process the mortgage loan application, to obtain an appraisal, or to receive a credit report.
- (g) Refuse to permit an examination or investigation by the commissioner of the books and affairs of the licensee or registrant, or has refused or failed, within a reasonable time, to furnish any information or make any report that may be required by the commissioner under this act.
- (h) To be convicted of a felony, or any misdemeanor of which an essential element is fraud.

- (i) Refuse or fail to pay, within a reasonable time, those expenses assessed to the licensee or registrant under this act.
- (j) Fail to make restitution after having been ordered to do so by the commissioner or an administrative agency, or fail to make restitution or pay damages to persons injured by the licensee's or registrant's business transactions after having been ordered to do so by a court.
- (k) Fail to make a mortgage loan in accordance with a written commitment to make a mortgage loan issued to, and accepted by, a person when the person has timely and completely satisfied all the conditions of the commitment before the expiration of the commitment.
- (l) Require a prospective borrower to deal exclusively with the licensee or registrant in regard to a mortgage loan application.
- (m) Take a security interest in real property before closing the mortgage loan to secure payment of fees assessed in connection with a mortgage loan application.
- (n) Except as provided under section 18e, knowingly permit a person to violate an order that has been issued under this act or any other financial licensing act that prohibits that person from being employed by, an agent of, or a control person of the licensee or registrant.

Section 6a(9) of the SMLA, MCL 493.56a(9), provides:

A licensee or registrant that fails to submit to the commissioner the reports as required by subsections (2) and (13) is subject to a penalty of \$25.00 for each day a required report is delinquent or \$1,000.00, whichever is less.

Section 6a(13) of the SMLA, MCL 493.56a(13), provides:

On or before a date to be determined by the commissioner, a licensee or registrant shall annually file with the commissioner a report giving information, as required by the commissioner, concerning the business and operations of the licensee or registrant under this act during the immediately preceding calendar year. In addition, the commissioner may require a licensee or registrant to file special reports as the commissioner considers reasonably necessary for the proper supervision of licensees or registrants under this act. Reports required under this section shall be in the form prescribed by the commissioner, signed, and affirmed. A person who willfully and knowingly subscribes and affirms a false statement in a report required under this subsection is guilty of a felony, punishable by imprisonment for not more than 15 years.

Section 6b of the SMLA, MCL 493.56b, provides:

- (1) The commissioner shall exercise general supervision and control over brokers, lenders, and servicers doing business in this state.
- (2) In addition to the other powers granted by this act, the commissioner may do any of the following:
 - (a) Deny an application for a license or registration.
 - (b) Conduct examinations and investigations of any person, as necessary for the efficient enforcement of this act and the rules promulgated under this act.
 - (c) Investigate complaints filed against licensees or registrants.
 - (d) Advise the attorney general or the prosecuting attorney of the county in which the business is conducted that the commissioner believes a licensee, registrant, or person is violating this act. The attorney general or prosecuting attorney shall bring a legal action to enjoin the operation of the business or prosecute violations of this act.
 - (e) Bring an action in the Ingham county circuit court to enjoin a person from participating in, continuing to practice, or from engaging in a practice that is an unsafe or injurious practice or that violates this act or a rule promulgated under this act.
 - (f) Order a person to cease and desist from a violation of this act or a rule promulgated under this act in accordance with the procedural requirements set forth in section 14.
 - (g) Suspend, revoke, or refuse to issue a license or registration in accordance with section 11.
 - (h) Assess a civil fine in accordance with section 27.
 - (i) Appoint a conservator in accordance with section 12a.
 - (j) Censure a licensee or registrant.
- (3) In the conduct of any examination or investigation under this act, the commissioner may do any of the following:
 - (a) Issue a subpoena as permitted by section 15.
 - (b) Administer oaths as permitted by section 15.
 - (c) Interrogate a person under oath concerning the business and conduct of affairs of a person subject to this act, and require the production of books, records, or papers relative to the inquiry.
 - (d) Have free access during regular business hours to the offices, places of business, or other location where the licensee, registrant, or an affiliate of a licensee or registrant, maintains business-related documents, and to the books, accounts, papers, records, files, documents, safes, and vaults of a licensee or registrant. The information obtained during the examination or investigation is exempt from the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, and shall not be available for public inspection or copying or divulged to any person except as follows:

- (i) To the attorney general.
- (ii) To a regulatory agency.
- (iii) In connection with an enforcement action brought under this or another applicable act.
- (iv) To law enforcement officials.
- (v) To persons authorized by the Ingham county circuit court to receive the information.
- (e) Employ independent investigators to conduct a part or all of the investigation, in the case of an investigation other than an examination.

Section 11 of the SMLA, MCL 493.59, provides:

- (1) A notice shall be given to a licensee, registrant, or applicant of the commissioner's intention to enter an order to suspend or revoke a license or registration or to refuse to issue a license or registration. The notice shall be in writing, served personally, or sent by certified mail to the licensee, registrant, or applicant.
- (2) The licensee, registrant, or applicant may request a hearing to contest the intention to enter an order or refusal within 20 days after service of the notice. If a hearing regarding suspension, revocation, or refusal to issue a license or registration is not requested, the commissioner shall enter a final order regarding the suspension, revocation, or refusal to issue a license or registration. The hearing shall be conducted in accordance with the provisions of the administrative procedures act of 1969, 1969 pa 306, mcl 24.201 to 24.328. The commissioner may suspend, revoke, or refuse to issue or renew a license or registration if he or she finds that the licensee or registrant or an owner, director, officer, member, partner, stockholder, employee, or agent of the licensee or registrant has done any of the following:
 - (a) Made a material misstatement in the application.
 - (b) Engaged in fraud, deceit, or material misrepresentation in connection with any transaction subject to this act.
 - (c) Failed after 10 days' written notice of default, to pay the annual operating fee, to maintain in effect the bond as required by the commissioner, or to comply with a demand, ruling, or requirement of the commissioner lawfully made under this act.
 - (d) Either knowingly or without the exercise of due care to prevent it, violated this act or a rule promulgated under this act.
- (3) The commissioner may suspend, revoke, or refuse to renew a license or registration upon a finding of a fact or condition which, if the fact or condition had existed at the time of the original application for the license or registration, clearly would have warranted the commissioner to refuse to issue the license or registration originally.
- (4) A licensee or registrant may surrender a license or registration by delivering to the commissioner the license or registration certificate with written notice that the

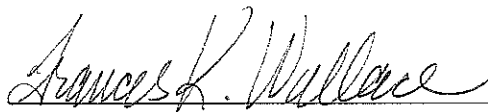
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licensee or registrant surrenders the license or registration. The surrender, suspension, or revocation of a license or registration under this act shall not affect the licensee's or registrant's civil or criminal liability for acts committed in violation of this act. The surrender of a license or registration does not affect a proceeding to suspend or revoke a license or registration.

(5) Except as otherwise provided by law, a surrender, suspension, or revocation of a license or registration shall not impair or affect the obligation of a preexisting contract between the licensee or registrant and another person.

(6) A licensee or registrant whose license or registration certificate has been destroyed or lost may comply with this section by submitting to the commissioner a notarized affidavit of the loss accompanied by written notice that the licensee or registrant surrenders the license or registration.

Dated: 11/27/07



Frances K. Wallace
Chief Deputy Commissioner